

Overview of Transportation Funding

PROBLEM STATEMENT

In the 1996-97 time-frame, the state of Washington received \$3.67 billion in transportation funding. This funding comes from three primary sources: state government (\$1.95 billion), local governments (\$1.25 billion), and the federal government (\$0.47 billion). These revenues are often raised and distributed in strict categories, often by transportation mode or geographic region.

The current revenue framework is characterized by:

- a large number of funding categories, or ‘buckets;’
- a high degree of fund dedication with restrictions on uses;
- distribution of funds by jurisdiction, mode, and program; and
- different economic characteristics of the different fund sources.

Such characteristics can create a tendency to localized and compartmentalized transportation planning and project development. Often a lack of agreement on priorities among adjacent jurisdictions results in a lack of effective coordination despite other collaborative efforts.

Recent legislative and programmatic changes at the state and federal levels have created opportunities and incentives for a new look at transportation funding. These include:

- **Broader funding categories:** The 1990 federal Intermodal Surface Transportation Efficiency Act (ISTEA) created significant new flexibility through broad funding categories for roadway enhancement and maintenance, as well as funding non-traditional projects.
- **Regional planning:** Regional transportation planning organizations have brought numerous governments and modes to a single planning and fund allocation table.
- **Increased public participation:** a recent increase in the level of public involvement in projects has brought community groups, environmental groups, and alternative transportation coalitions into the decision-making process.

These trends may be signs of more flexible funding in the future, as well as funding that is more responsive to emerging conditions.

PROPOSED POTENTIAL SOLUTIONS

Proposed potential solutions attempt to make the funding framework simpler, more flexible, more equitable, and well coordinated across jurisdictions and modes. These approaches could be used separately or in combination with another:

- **A user-based framework:** General purpose transportation taxes would be replaced with user fees, strengthening the connection between the use of the transportation system and its funding. All levels of government would have access to the same set of user fee-based funding resources.

- **A function-based framework ('state ISTEA'):** Modeled after the federal program, this would reduce the number of funding 'buckets' at the state level and focus on broader functional funding categories.
- **A cluster-based framework:** Clusters of facilities that form a single inter-related set of transportation functions could be defined together for purposes of planning and funding. For example, a major regional arterial, together with its HOV lanes, feeder roads, bridges, overpasses, bike trails, sidewalks, transit centers and park and ride lots could be defined as a regional transportation 'cluster.' This approach is similar to corridor-based proposals, but goes a step further.
- **New regional planning/funding bodies:** Another funding framework could be developed based on giving increased funding authority to existing regional planning bodies (RTPOs and MPOs) or creating new regional bodies similar to the Regional Transit Authority but for other purposes. For example, a regional entity could be created that would have a stable funding stream that was flexible enough to fund a mix of roadways, transit, technology and trip reduction improvements.
- **New system-wide investment principles:** A new funding framework could be developed that used broad system-wide criteria and allocated funds linked to the criteria. For example, criteria could include:
 - a) funding maintenance and preservation first;
 - b) funding efficient use of existing facilities (through signalization or other technologies) prior to adding new capacity;
 - c) common definitions of "needs" across all levels of government and eventually across modes;
 - d) funding based on analysis of optimal investment effectiveness (based on cost-benefit analyses or modal trade-off models).

These criteria are intended to be illustrative only and are not a proposal. Any framework of system-wide investment principles would need to be based on an agreement by major stakeholders and would be applied primarily to regional arterials, not to local streets and roads.